

Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 May 2016

Monthly Fund Fact Sheet

Investment Objective

To preserve capital and generate absolute returns over a full economic cycle by investing in listed equities in Asia Pacific ex-Japan, whilst maintaining portfolio volatility significantly below the peer group.

Fund Facts

Fund Size (USD)	54.8m
Launch Date	7 October 2005
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

Performance (%)

	A USD	U GBP
1 Month	-1.78	-1.79
3 Month	6.69	1.24
Year to Date	-4.03	-2.49
Since Launch	87.76	11.90
Since Launch [†]	6.10	3.93

Source: Morningstar.

Launch Date: A: 07.10.05, U: 13.07.13

[†]Annualised Since Launch Performance

Investment Process

With anomalies as a start point, the investment process seeks to identify and invest in key 'themes' in the Pacific region. Our themes are driven by factors outside of the normal economic cycle and are not yet discounted by the market. Companies are identified and chosen via rigorous bottom-up analysis with emphasis on traditional value and high ROCE. Cash and Index Futures are used when opportunities are few and to reduce portfolio volatility.

Fund Performance - Class A USD (%)



Source: Morningstar. Total return net of fees.

Fund Manager Commentary

In May the MSCI Asia ex-Japan index fell 1.6% whilst the Prusik Asia Fund fell slightly more, dropping by 1.8%. The largest stock contributors to the small underperformance were Chinese sportswear retailer, **Anta Sports Products**, gold miner, **Newcrest Mining**, and Korean battery maker, **LG Chemical**, which suggests less of a thematic trend but rather one of individual stocks taking a breather and in the latter two cases, after a strong run earlier in the year.

On the positive side Vietnam did very well with branded jewellery chain, **Phu Nhuan Jewellery**, standing out as the most positive contributor to performance. China internet gaming giant, **Tencent**, was also a strong contributor as was one of our newer positions, the Australian wine brands owner, **Treasury Wine Estates**.

On the subject of Vietnam, we wish to highlight that year to date it is now the second best performing market in Asia in US dollar terms after Thailand. The Vietnam theme has been in the portfolio now for 4.5 years and continues to do well. When we bought the Vietnam theme the average P/E ratio of our holdings was just 4x! We are now looking at a much more typical average P/E of 14.5x, which is roughly in line with the local index trading on 14.7x P/E. This re-rating arguably begs the question is it time to sell? Our answer is no for the following reasons.

Firstly, foreign ownership limits in Vietnam have now recently been abolished and whilst only 5 companies have fully complied with this so far, the rest should have by year end. This will make the market much easier for foreigners to partake in and also paves the way for MSCI index inclusion, which we believe is possible in the coming 2 years. We believe that foreigners have yet to really join in the Vietnam story this cycle and that should change in coming months.

Moreover, the Vietnam economy is growing by over 6.5%, driven by FDI and higher value added manufacturing, urbanisation, a burgeoning middle class and huge infrastructure investment. A stable currency and monetary policy is providing a solid backdrop for the government to oversee ongoing recapitalisation of the banking sector and loan growth is in the order of 20%. Government reform also includes the rationalisation of the SOEs whilst the opening of the property market to foreigners last year marked a new era in openness. We also expect to see a number of high profile privatisations before long, which will add breadth to the market.

All data as at 31.05.16. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Newcrest Mining Ltd	5.9
AIA Group Ltd	5.6
Vietnam Dairy Products	5.5
Phu Nhuan Jewelry	4.8
Treasury Wine Estates Ltd	4.7
Total Number of Holdings	27

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	16.9x
Predicted Return on Equity (%)	15.9

Risk Metrics

Beta	0.58
Alpha	1.68
Volatility (%)	16.50
Sharpe ratio	0.50
% of the portfolio which could be sold in 2 business days	90.73

Thematic Breakdown (%)

Vietnam	23.9	<div></div>
Financials	11.8	<div></div>
Internet	11.6	<div></div>
Local Brands	11.3	<div></div>
Clean Energy	10.7	<div></div>
Other	8.4	<div></div>
Cash	6.5	<div></div>
Leisure/Tourism	5.4	<div></div>
Infrastructure/Logistics/Property	3.8	<div></div>
Data	3.5	<div></div>
Virtual Reality	2.4	<div></div>
Smart Textiles	0.8	<div></div>

Geographical Breakdown (%)

Hong Kong/China	42.5	<div></div>
Vietnam	23.9	<div></div>
Australia	10.6	<div></div>
Cash	6.5	<div></div>
Thailand	3.8	<div></div>
Korea	3.5	<div></div>
India	3.5	<div></div>
Philippines	3.4	<div></div>
Taiwan	2.4	<div></div>

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Management Fees

Annual Management Fee

1.5% p.a. Paid monthly in arrears

Class U - 1% p.a. Paid monthly in arrears

Performance Fee

All Classes except Class U: 10% NAV appreciation with a 6% hurdle annually

Class U: 10% of the net out-performance of the MSCI Asia Pacific ex-Japan Index with a high-water mark paid quarterly

Dealing

Dealing Line	+353 1 603 6490
Administrator	Brown Brothers Harriman (Dublin)
Dealing Frequency	Daily
Min. Initial Subscription	USD 10,000
Subscription Notice	1 business day
Redemption Notice	1 business day

Share Class Details

Share Class	Sedol	ISIN	Month-end NAV
A USD Unhedged Non distributing	B0MDR72	IE00B0M9LK15	187.76
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	187.88
C GBP Hedged Distributing	B18RM25	IE00B18RM256	103.39
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	261.71

Performance fee based on individual investor's holding

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	111.90
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Performance fee based on fund performance as a whole

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